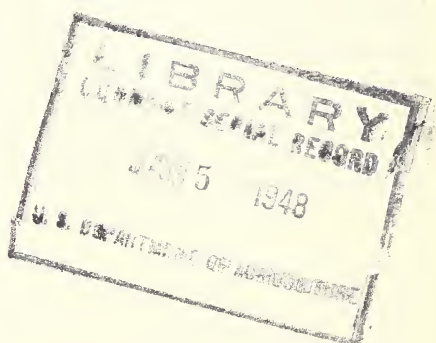


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Report of the Manager of the Federal Crop Insurance Corporation, 1947



UNITED STATES DEPARTMENT OF AGRICULTURE

INTRODUCTION

The fiscal year 1947 was the eighth year of active operation for the Federal Crop Insurance Corporation. The year was marked by important events and changes in the crop insurance program which will result in the program entering a new stage in its development. The Corporation's history to date divides logically into two definite stages.

The first stage of development of Federal crop insurance was 5 crop years from 1939 through 1943 when Federal crop insurance was launched with a bold attempt to insure unavoidable crop losses on a Nation-wide scale. Only wheat was insured during the first 3 years and both wheat and cotton in 1942 and 1943. Net losses were suffered each year and Congress suspended the program and placed the Corporation in a liquidating status so that no crops were insured in 1944.

The second stage in the development of a Federal crop-insurance program began with the crop year 1945, following reinstatement of the program by the Congress, and extends through the 1947 crop year. Wheat, cotton, and flax were insured on a Nation-wide basis during this period, and insurance was started on tobacco and corn on a limited experimental scale in a few counties.

The experience gained in the first period enabled the Corporation to establish a better basis of insurance for the second period. During this second period, the Corporation was operated with a profit on three of the five commodities—wheat, flax, and tobacco—and with only a small loss on corn. However, the heavy losses on cotton continued in 1945 and 1946 to an extent that made it advisable to obtain further experience before offering this insurance on a Nation-wide basis.

Recent legislation limited the scope of crop insurance operations beginning with the 1948 crop year. As a result of these limitations, the third period now being entered by the Corporation will be one characterized by experimentation rather than large-scale Nation-wide operations. Operations on wheat, cotton, and flax will be contracted while those on tobacco and corn will be expanded. The Corporation also may initiate experimental insurance on other crops in a few counties under the recent legislation which allows considerable latitude for trying different plans of insurance.

REPORT OF THE MANAGER OF THE FEDERAL CROP INSURANCE CORPORATION, 1947

UNITED STATES DEPARTMENT OF AGRICULTURE,
FEDERAL CROP INSURANCE CORPORATION,
Washington, D. C., September 25, 1947.

HON. CLINTON P. ANDERSON,
Secretary of Agriculture.

DEAR MR. SECRETARY: I present herewith the annual report of the Federal Crop Insurance Corporation for the fiscal year 1947.

This report goes beyond the customary scope of the usual annual report, as a result of the changed legislation which places Federal crop insurance on an experimental basis during its development period. The report covers the detailed operations of the Corporation for the fiscal year ended June 30, 1947, reviews the purposes and objectives of crop insurance, summarizes the experience to date, and indicates probable trends of future operations.

Sincerely yours,

G. F. GEISSLER,
Manager.

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PURPOSE AND OBJECTIVE OF CROP INSURANCE

The immediate goal of the Federal Crop Insurance Corporation is to develop a sound basis of insurance that is acceptable to the farmer. Accomplishment of this goal on all major crops may well require many years. Only after long periods of trial and experimentation have less complex types of insurance reached their present level of refinement. Federal crop-insurance experience to date is very brief when measured in terms of the time required to develop sound insurance programs in other risks insured by private industry.

The ultimate goal of Federal crop insurance is to provide farmers the opportunity to secure protection against crop losses from production risks over which they have no control. Large sums of money are spent each year in agricultural research to develop better varieties of seed, more effective means of controlling insects and diseases, and improved methods of farming. Soil-conservation practices have been encouraged by making available technical assistance as well as cash payments to farmers. Price supports have been provided for more than a decade to help maintain some degree of stability in farm income. Despite all these measures, the farmer will receive but little income in any year if he invests his time, money, and effort to produce a crop only to be faced with a crop failure due to some cause over which he has no control. Insurance protection spans this crop-failure gap. It is an essential part of a well-rounded agricultural program designed to provide economic security for the farmer.

Through crop insurance, farmers join together to protect each other against the full impact of major crop losses. Farmers pay premiums each year, and those among them whose production efforts fail through no fault of their own receive indemnities. Development of a sound crop-insurance program will tend to reduce the need for farm relief appropriations such as Congress has found it necessary to provide in the past following serious and widespread crop failures.

Although the primary purpose of crop insurance is to protect farmers against crop losses over which they have no control, the economic stability of the business community and the national economy benefit greatly as a result of reducing the full impact of crop disasters. The welfare of many communities depends directly on farm income. The welfare of our Nation is closely interwoven with that of the farmer. When the income or credit of the farmer is impaired, it affects all who depend either directly or indirectly on his purchasing power.

HISTORY OF CROP INSURANCE

Insurance has been available for many years to private enterprises to cover operations comparable to production risks in farming. Whereas protection through insurance has been available on grain and other agricultural commodities after harvest through the shipping, storage, processing, and distribution stages before it reaches the consumer, it has not been generally available through the more hazardous production stage. Insurance against the many unavoidable risks of crop production has not been developed successfully by private sources even though the need has long been recognized.

During the past 50 years attempts have been made by numerous private companies to provide all-risk crop insurance. Without exception the experience of these companies was costly and they were forced to withdraw from this important insurance field. Major factors in the failure of those attempts by private companies were (1) the insurance of income rather than loss of yield, (2) inadequate data for determining the degree of risk, and (3) adverse selectivity of insurance risks through late-season sales. These attempts have been a useful source of information and also emphasize the difficulties in developing a sound crop insurance program.

Since insurance against unavoidable crop disasters was not otherwise available, Congress enacted the Federal Crop Insurance Act of 1938. This act provided that all-risk crop insurance should be offered on wheat beginning with the 1939 crop year and that studies should be made which could be used as a basis for expanding the program to additional commodities. In 1941 by amendment to the act, Congress provided that cotton-crop insurance be offered on a national basis beginning with the 1942 crop. The Corporation was placed in a liquidating status by appropriation legislation and no crops were insured in the calendar year 1944.

The second period of the Corporation's activities began in December of 1944, when an amendment to the Federal Crop Insurance Act authorized the Corporation to resume writing insurance in 1945 on wheat and cotton and to begin writing flax insurance nationally. This amendment also authorized the writing of crop insurance on other commodities on a limited experimental basis. The Corporation has been operating under this amendment during the past fiscal year.

From a modest beginning in 1939, when 165,775 farms in the United States were covered with Federal crop insurance, this program has shown a steady growth to a total of 539,777 crop-insurance contracts with farmers covering their 1947 wheat, cotton, flax, tobacco, and corn crops. Tobacco and corn insurance was offered in only a few experimental counties. These 1947 contracts represent guaranteed production to farmers on the insured crops of about \$500,000,000 at a premium cost of approximately \$51,000,000.

The experience gained has been used to improve the basis for insurance on all crops. The Corporation's underwriting experience has varied considerably by years and by commodities. The variation between years is inevitable because of differing weather and crop conditions. However, the variation between commodities is to a certain degree indicative of how successfully the program is functioning on the different commodities.

Although wheat-insurance indemnities exceeded premiums in each of the first 5 years of operation, this trend was reversed in 1945 and by the end of the 1947 crop year wheat-insurance operations for the 8 years will show premiums collected almost equal to indemnities paid. This premium surplus for recent years reflects not only good crop conditions but also improvements that have been made in the wheat-insurance program.

Cotton insurance has shown an operating deficit each year. This deficit through 1946 amounts to 79 percent of the operating deficit for all commodities combined. The cotton losses for both 1945 and 1946 were unusually heavy due principally to poor crop conditions.

Flax-insurance experience for the 2-year period 1945-46 has been favorable, with the loss in commodity units amounting to 72 percent of the premiums. Tobacco insurance losses amount to only about 50 percent of the total premiums, and corn insurance shows a small operating deficit due to heavy losses in the first year of the 2-year period 1945-46.

The past fiscal year was an important milestone in the development of all-risk crop insurance. The year was marked by several major events, some of which sharply affected the future operations of the Corporation. The more important of these were: (1) Premium

balances were accumulated on wheat, tobacco, and corn, (2) a slight loss was experienced in flax with substantial losses in cotton, (3) the heavy cotton losses exhausted the paid-in capital and forced the temporary suspension of payment of cotton indemnities, and (4) new legislation was enacted which will change the future course of operations of the Corporation. These events are discussed in detail in the following sections.

NEW LEGISLATION AND ITS EFFECT ON FUTURE PROGRAMS

Prior legislation provided for experimental insurance on various commodities for a 3-year period. The year 1947 ends this period for tobacco and corn. Because of this and the continued heavy losses on cotton, the Congress in the spring of 1947 reviewed the entire operations of the Corporation. Hearings were held before the House and Senate committees on agriculture. It was felt that the crop-insurance program should be restricted. It was also felt, however, that the program should be extensive enough so that the experience would be representative of the problems of all areas, but at the same time restrictive enough so that the cost of the experience would not be burdensome to the Government. The views of the House committee on the scale of operations and the length of time which will be required to develop a sound crop insurance program were rather clearly set forth in its report which accompanied the amendment to the act. This report reads in part as follows:

* * * The committee believes it should be recognized that the development of a sound crop-insurance program covering even the major agricultural commodities on a Nation-wide basis is a long-time project that may well take years in its accomplishment. * * * It does not believe that this can be accomplished overnight nor that it is reasonable to expect that a half-dozen crop seasons of experience will achieve for crop insurance what it took other forms of commodity insurance many years of trial and error to develop. The committee is convinced, however, that the best interests of farmers themselves will be most truly served if the Public Treasury is protected against excessive loss, by curtailment of the insurance program during its development period to the smallest scale consistent with effective experimentation, and expanding it later only when experience has indicated that a sound insurance plan has been worked out. * * *

In accordance with the foregoing, the Federal Crop Insurance Act was amended in July 1947, and the entire crop-insurance program was placed on an experimental basis. The amendment provides that, commencing with the 1948 crop year, crop insurance may be offered in not more than 200 counties in the case of wheat, 56 counties in cotton, 50 counties each in corn and flax, and 35 counties in tobacco. Crop insurance may also be offered beginning with the 1948 crop year on two additional commodities in not to exceed 20 counties each. Other new commodities may be added commencing in 1949 on not to exceed three commodities per year.

The counties selected in each case are to be representative of the several areas where the agricultural commodity insured is normally produced except that insurance is not to be provided in those counties where the income from the insurable crop constitutes an unimportant part of the total agricultural income. To offer insurance in areas where the insurable commodity is of minor importance serves but little useful purpose to the farmer inasmuch as he would have protection on only a small part of his farming operations. At the same

time, considerable savings in administrative costs can be effected by not offering crop insurance in those areas until insurance on the major crop produced in those areas is offered.

The new amendment provides a greater degree of flexibility for experimentation in developing a sound and workable basis of insurance. It provides that insurance may be offered under any plan or plans provided sufficient actuarial data are available. However, it also provides that insurance against loss of yield cannot cover more than 75 percent of the recorded or appraised average yield for the farm. If 75 percent of the average yield represents generally more protection than the investment in the crop in the area, this maximum percentage is to be reduced so as to more nearly reflect the investment in the crop in the area. This secondary limitation applies to an area generally and the percent does not vary from farm to farm within an area. The purpose of this is to avoid over-insurance and at the same time to afford protection equal to approximately the investment in the crop.

Prior legislation provided that insurance on wheat, cotton, and flax, the commodities insured nationally, could be only against loss of yield. The maximum coverage was 75 percent of the farm average yield but there was no secondary limitation. For trial insurance on tobacco and corn, prior legislation provided that insurance could be based on either of two plans. One was not to exceed 75 percent of the farm average yield and the other was not to exceed 75 percent of the investment in the crop.

Under the new amendment, insurance cannot be provided in any county unless written applications filed, together with contracts in force, cover 200 farms or one-third of the farms normally producing the agricultural commodity, whichever is the smaller. This minimum applies to each commodity separately where 2 or more commodities may be insured in any county. Prior legislation required a minimum of the smaller of 50 farms or one-third of the farms normally producing the insurable commodities, and this minimum applied to all commodities combined. The reason for increasing this minimum from 50 to 200 is twofold. The primary reason is that a larger and presumably a more representative group of producers may be insured, thus resulting in less selectivity. The secondary reason involves the interest of farmers in insurance and the advisability of expending administrative costs in counties where less than 200 farms are covered by insurance.

In an attempt to encourage private industry to re-enter the field of all-risk crop insurance, the new amendment includes a provision whereby the Corporation may reinsure private insurance companies which insure producers of agricultural commodities under contracts acceptable to the Corporation. In line with the over-all restriction on the number of counties, reinsurance is limited to 20 counties selected by the Board of Directors of the Corporation.

The amendment permits the Corporation to compute the cash equivalent of premiums and indemnities on the basis of the parity or comparable prices for the commodity as determined and published by the Secretary of Agriculture. This will permit the establishment of a commodity price before the insurance is sold. Where this is done, insurance can be sold on the basis of a premium rate quoted

in terms of dollars. Its use will also preclude the necessity of carrying premium reserves in commodity units rather than dollars for yield insurance. These commodity operations have been rather expensive in prior years.

Several management and administrative changes are included in the new amendment. The Board will now be composed of five members appointed by the Secretary of Agriculture. Three of the members will be employees of the Department of Agriculture and the two other members will be persons experienced in the insurance business who are not otherwise employed by the Government. The Manager of the Corporation will be one of the three members of the Board of Directors employed by the Department. The Board will be appointed by and hold office at the pleasure of the Secretary of Agriculture. Previously, the Board was composed of three members, all of whom were employees of the Department. Another change in administration is that the employees or agencies responsible for administering the program in each county are to be selected and designated by the Corporation and shall be responsible directly to the Corporation.

Under the foregoing legislative changes the Federal Crop Insurance Corporation in 1948 will retreat from operating a program on a national basis to operating on a restricted basis. This change in operations will enable the Corporation to concentrate its efforts on further developing a sound all-risk crop insurance program.

CROP INSURANCE EXPERIENCE FOR THE FISCAL YEAR 1947

The fiscal year ends about the middle of the growing season for most commodities. Inasmuch as insurance ordinarily covers a crop from the time it is planted until it is harvested, the operations of the Corporation during a fiscal year consist of completing 1 year's business and beginning another. Consequently, during the fiscal year covered by this report, losses were adjusted on the 1946 crop, new business was written, and all contracts in force were serviced through June 30 of the 1947 growing season.

WHEAT-CROP INSURANCE

Wheat-crop insurance provided a guaranteed yield in any one of several amounts depending on the needs and desires of the farmer. Two basic levels of coverage offered a maximum protection of 50 percent and 75 percent of the average yield per acre for the farm. A partial-insurance feature was also provided, under which a farmer could obtain a part of the protection afforded in either of the two basic coverages. The amount of protection was arranged in progressive stages resulting in protection to the farmer which paralleled his investment in the crop. Thus, on wheat acreage destroyed and seeded to a substitute crop after a release of the acreage by the Corporation, the maximum indemnity payable was 50 percent of the coverage. On any other insured wheat which was not harvested, the maximum amount of indemnity, with a few exceptions, was 80 percent of the coverage. The full coverage applied only to harvested acreage.

Both coverages and premiums were stated in bushels of wheat but for payment purposes the premiums and indemnities were converted to dollars. The conversion price used for computing the dollar amount of the premium was generally the price of wheat per bushel

on the day the premium was due, normally about harvest time. The conversion price for indemnities was generally the price per bushel for the day the settlement was made. The contract provided all-risk insurance against unavoidable causes and generally included the period from the time the wheat was seeded till it was threshed. The contract was written on a 3-year basis, which prevented a producer from insuring in years when crop prospects were good and not insuring when prospects were poor. The contract covered all the wheat seeded by the insured in the county, which prevented the insurance only of specific farms on which the probability of loss may have been greater. An assignment of the contract as collateral could be made by the insured.

Since Federal wheat-crop insurance was against loss of yield, it was necessary to establish farm-average yields. Such yields were for a representative period of years and have been based on actual acreage and production records where such records were available. Where records of the actual acreage and production were not available the average yield has been appraised, based on the actual yield for a similar farm. In recent years, farm yield data have not been obtained, which further reduced the value of the individual farm yield data. In addition, the operation of establishing individual farm yields has been quite costly. Consequently, there has been a trend toward establishing farm yields by grouping farms of like productivity where wheat was grown under the same conditions. This has led to the "area plan" of insurance which was adopted during 1947 in a few counties in the spring-wheat States. Under this plan a county was mapped and all land of similar productivity constituted an area. Every farm in each area had the same coverage and the same premium rate. It is not yet known what the experience will be under this plan but it is expected that the area plan will be expanded because of the inadequacy of farm yield data for individual farms.

For 1946 there were 305,428 wheat contracts in force. The loss experience on these contracts was favorable, partly because of generally good growing weather and crop conditions. Premiums amounted to 9,226,361 bushels of wheat while indemnities of 5,362,433 bushels were paid to farmers, leaving a surplus of 3,858,928 bushels. The losses amounted to 58 percent of the premiums. This insurance experience is shown in table 1 by States and table 6 for the United States.

Crop insurance losses are not always low when over-all crop conditions are good, and high when over-all conditions are poor. Uniformity of crop production is an important factor influencing the amount of loss. Even in good crop years, losses in isolated areas often take heavy tolls, such as those caused in 1946 by Hessian fly damage to wheat in a few of the Midwestern States.

On the 1947 wheat crop there were 360,408 wheat contracts in force in 1,509 counties, which was approximately an 18 percent increase over 1946. This included a large number of 3-year contracts carried over from the last 2 years. During 1947, the increase in participation was quite general and did not materially change the pattern of distribution from prior years. However, several States including North Dakota, Montana, Minnesota, Idaho, Colorado, Texas, Indiana, and Ohio showed significant increases.

FEDERAL CROP INSURANCE CORPORATION

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Kansas:	22, 170	18, 297	27, 470	5, 153	1, 246, 940	9, 423, 901	1, 139, 626	540, 433	599, 193	. 47
1946	24, 770									
1947										
Kentucky:	3, 617	1, 685	1, 815	550	31, 077	320, 614	20, 572	36, 970	—16, 398	1. 80
1946	6, 181									
1947										
Maryland:	4, 451	3, 957	4, 657	867	111, 602	1, 423, 650	65, 060	61, 757	3, 303	. 95
1946	5, 775									
1947										
Michigan:	36, 504	26, 020	30, 191	2, 967	319, 126	4, 955, 979	273, 658	119, 390	154, 268	. 44
1946	37, 934									
1947										
Minnesota:	4, 597	3, 995	4, 784	566	143, 580	1, 139, 976	125, 074	37, 538	87, 536	. 30
1945	10, 495	7, 600	9, 040	1, 523	246, 272	1, 947, 193	200, 809	88, 242	112, 567	. 44
1946	14, 106									
1947										
Missouri:	29, 176	16, 025	19, 692	5, 867	476, 545	4, 088, 052	547, 687	467, 407	80, 280	. 85
1946	32, 119									
1947										
Montana:	704	614	1, 406	590	113, 779	899, 444	182, 458	197, 784	—15, 326	1. 08
1945	2, 269	2, 184	5, 827	2, 084	580, 258	6, 064, 351	973, 802	888, 076	85, 726	. 91
1946	3, 512									
1947										
Nebraska:	16, 421	14, 772	20, 731	2, 302	676, 294	5, 784, 488	877, 571	173, 501	704, 070	. 20
1946	17, 705									
1947										
Nevada:	34	30	32	7	392	7, 987	905	460	445	. 51
1945	1946	23	24	10	450	9, 548	978	1, 523	—545	1. 56
1946	116									
1947										
New Jersey:	607	517	575	36	9, 311	156, 784	7, 393	3, 059	4, 334	. 41
1946	840									
1947										
New Mexico:	714	500	567	479	19, 472	128, 135	33, 441	85, 308	—51, 867	2. 55
1946	1, 185									
1947										

See footnotes at end of table.

FEDERAL CROP INSURANCE CORPORATION

[illegible]

¹ The figures shown for 1945 include only spring wheat, since no winter wheat for harvest in 1945 was insured.

² The number of farms is larger than the number of contracts because a farmer's contract generally includes all the farms in which he has an insurable interest in the county. The figure representing number of farms includes duplication where both landlord and tenant are insured. The number of contracts on which a premium is earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of the commodity on which they have insurance.

Of all the wheat farms in the United States, 29 percent were insured in 1947, compared with 24 percent in 1946. While most of the contracts were located east of the Plains States, most of the insured wheat acreage was located in the Plains States and States west thereof, as a result of the larger wheat acreage per farm in those areas. The location of the insured wheat acreage is shown in figure 1.

At this writing, the settlement of loss claims has not progressed sufficiently to provide the basis for an accurate estimate of the 1947 losses. Early indications, however, lead us to believe that the losses will again be substantially less than the premiums. The wheat premiums for this year are approximately 10,000,000 bushels.

As pointed out earlier in this report, during the first years of the program the wheat indemnities exceeded the premium collections. In 1945, however, only 44 percent of the premiums were needed to settle indemnities, whereas in 1946 only 58 percent of the premiums were needed. If 1947 expectations are borne out, this will be the third consecutive year in which wheat reserves will be accumulated, indicating that the wheat program is on a relatively sound basis.

COTTON-CROP INSURANCE

Cotton-crop insurance provided producers with protection against loss of yield of lint cotton due to unavoidable causes. Protection against loss of cottonseed could also be obtained at the option of the producer by increasing the premium and the indemnity by 20 percent. Both the amount of protection and the premium rate were expressed in pounds of cotton. However, the premium was later converted to dollars for payment purposes. The premium rate was generally a flat rate established for the county or area with a higher rate for farms where the possibility of loss was greater than the average for the county.

The insured could select any one of several levels of coverage against loss in yield of lint cotton. Under any level of coverage the protection was relatively low in the early stages of production and increased as the season progressed and additional costs were incurred. In general, the loss, if any, was the amount of coverage less any production either harvested or unharvested. In cotton a continuous contract was executed which remained in force indefinitely until canceled by either the insured or the Corporation. Assignment against the contract could be made as collateral for a loan.

The crop year 1946 was one of heavy losses on cotton. Indemnities totaling 149,403,645 pounds of cotton were paid while premiums of 43,246,125 pounds were collected. Thus the losses amounted to 345 percent of the premiums. Although this resulted in helping the cotton farmers, the financial impact on the Corporation was severe. As pointed out earlier in this report, the cotton indemnities exhausted not only the premiums but also the paid-in capital. It was therefore necessary to suspend payment of the 1946 cotton indemnities until funds were appropriated by Congress for additional capital. Payments were suspended for a 65-day period beginning in March 1947.

The loss experience on cotton by States is shown in table 2 while the United States summary is shown in table 6. The location of the 1946 cotton losses is shown in figure 2. The primary causes of loss were poor growing weather and crop conditions which resulted in the

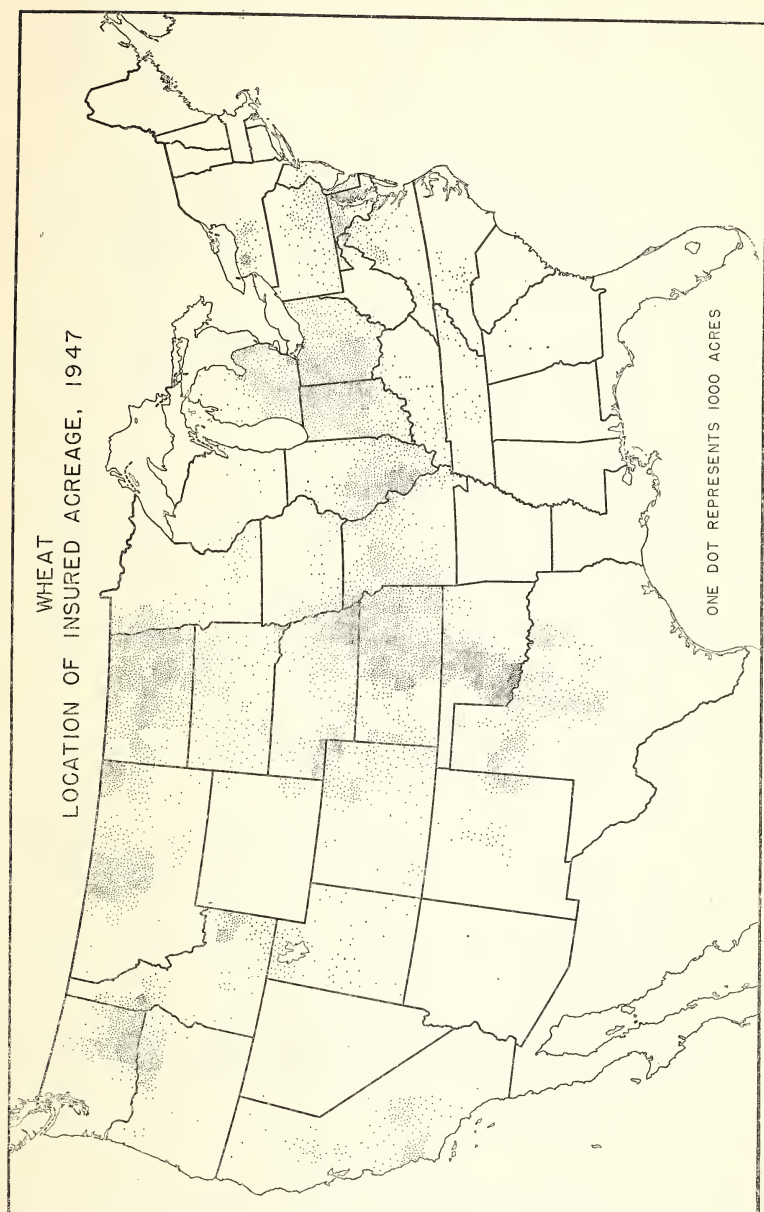


FIGURE 1.—Location and general distribution of insured wheat acreage in 1947.

TABLE 2.—*Cotton crop insurance experience, by States, 1945-47*
[As of June 30, 1947]

State and crop year	Contracts in force 1	Crop planted and premium earned							Loss ratio
		Contracts 1	Farms 1	Indemnities	Insured acreage 2	Insured production 3	Premiums	Indemnities	Surplus or deficit
Alabama:		Number	Number	Number	Acrea	Pounds	Pounds	Pounds	Pounds
1945-----	10, 312	11, 065	1, 548	123, 513	14, 802, 569	662, 107	607, 673	54, 434	0. 92
1946-----	12, 823	13, 700	6, 374	144, 529	19, 655, 235	1, 391, 656	3, 621, 587	-2, 229, 931	2. 60
1947-----	15, 527								
Arizona:									
1945-----	288	643	224	75, 590	21, 383, 015	716, 656	2, 682, 537	-1, 965, 881	3. 74
1946-----	347	677	91	97, 742	31, 995, 804	1, 512, 584	620, 198	883, 386	. 42
1947-----	309								
Arkansas:									
1945-----	5, 112	5, 722	2, 642	118, 099	17, 898, 733	1, 150, 687	4, 117, 520	-2, 966, 833	3. 58
1946-----	6, 211	7, 296	3, 647	189, 346	27, 809, 947	1, 981, 097	6, 980, 351	-4, 999, 254	3. 52
1947-----	8, 336								
California:									
1945-----	42	39	9	2, 881	1, 279, 757	36, 704	43, 247	-6, 543	1. 18
1946-----	530	496	204	53, 428	21, 239, 354	938, 173	2, 144, 855	-1, 206, 682	2. 29
1947-----	890								
Florida:									
1945-----	213	207	38	981	88, 873	6, 351	3, 189	3, 162	. 50
1946-----	140	128	134	717	45, 743	3, 255	4, 090	-835	1. 26
1947-----	349								
Georgia:									
1945-----	6, 165	5, 922	1, 825	92, 071	14, 472, 796	750, 577	1, 037, 470	-286, 893	1. 38
1946-----	11, 111	10, 101	4, 155	143, 912	18, 583, 664	1, 187, 481	2, 665, 858	-1, 478, 377	2. 24
1947-----	11, 922								
Illinois:									
1945-----	268	231	247	2, 649	478, 768	22, 607	175, 428	-152, 821	7. 76
1946-----	241	218	187	2, 635	469, 649	37, 667	143, 581	-105, 914	3. 81
1947-----	263								

See footnotes at end of table.

Kentucky:	81	66	80	50	1,286	275,510	20,439	65,037	-44,598	3.18
1945-----	174	140	149	47	2,670	587,077	36,990	91,558	-54,568	2.48
1946-----	131									
1947-----										
Louisiana:										
1945-----	2,814	2,661	3,016	1,602	81,937	15,951,080	754,381	3,039,477	-2,285,096	4.03
1946-----	5,393	5,088	5,703	5,022	124,783	24,012,500	1,722,150	10,016,446	-8,294,296	5.82
1947-----	11,801									
Mississippi:										
1945-----	6,687	6,555	6,956	1,197	118,547	22,521,670	868,363	1,536,405	-668,042	1.77
1946-----	8,061	7,788	8,453	5,890	173,364	36,947,693	2,004,038	14,201,570	-12,197,532	7.09
1947-----	23,847									
Missouri:										
1945-----	4,297	4,021	5,514	3,646	114,345	18,223,237	606,826	8,076,171	-7,469,345	13.31
1946-----	3,438	3,096	4,214	2,035	186,660	31,257,167	1,337,091	3,912,013	-2,574,922	2.93
1947-----	1,150									
New Mexico:										
1945-----	1,296	1,217	1,854	774	59,475	20,000,394	969,827	2,801,998	-1,832,171	2.89
1946-----	1,306	1,227	1,717	420	58,925	17,745,412	863,504	2,234,828	-1,371,324	2.59
1947-----	949									
North Carolina:										
1945-----	3,655	3,587	4,332	507	31,286	5,918,284	230,507	188,950	41,557	.82
1946-----	5,470	5,083	6,111	1,165	44,242	7,499,755	423,563	508,230	-84,667	1.20
1947-----	3,548									
Oklahoma:										
1945-----	12,767	11,253	14,851	8,619	302,991	24,163,407	2,162,581	7,428,754	-5,266,173	3.44
1946-----	10,243	8,252	10,590	6,823	293,672	24,716,780	3,531,626	7,647,551	-4,115,925	2.17
1947-----	5,944									
South Carolina:										
1945-----	7,126	7,001	8,067	866	113,535	18,031,209	887,500	681,070	206,430	.77
1946-----	7,801	7,647	8,728	1,348	114,087	18,382,138	1,259,368	888,024	371,344	.71
1947-----	6,796									
Tennessee:										
1945-----	984	957	1,257	531	18,023	3,996,696	290,530	1,021,779	-731,249	3.52
1946-----	3,458	3,110	3,697	613	56,147	11,713,587	693,012	495,377	197,635	.71
1947-----	2,669									

See footnotes at end of table.

TABLE 2.—*Cotton crop insurance experience, by States, 1945-47—Continued*
[As of June 30, 1947]

State and crop year	Contracts in force ¹	Crop planted and premium earned							Loss ratio
		Contracts ¹	Farms ¹	Indemnities	Insured acreage ²	Insured production ³	Premiums	Indemnities	Surplus or deficit
		Number	Number	Number	Acrea	Pounds	Pounds	Pounds	Pounds
Texas:									
1945-----	33,915	31,227	43,063	24,036	1,791,283	183,553,051	12,181,881	42,904,718	-30,722,837
1946-----	37,077	34,975	47,592	34,885	2,617,237	234,391,534	24,294,720	93,208,423	-68,913,703
1947-----	27,615								
Virginia:									
1945-----	209	195	247	24	1,413	194,596	9,822	7,082	2,740
1946-----	446	426	505	41	2,049	347,282	28,150	10,105	18,045
1947-----	166								
U. S. totals:									
1945-----	96,231	89,979	113,849	48,385	3,049,905	382,233,645	22,328,346	76,418,505	-54,090,159
1946-----	114,270	106,313	131,582	72,975	4,306,145	527,400,321	43,246,125	149,403,645	-106,157,520
1947-----	122,212								

¹ The number of farms is larger than the number of contracts because a farmer's contract generally includes all the farms in which he has an insurable interest in the county. The figure representing number of farms includes duplication where both landlord and tenant are insured. The number of contracts on which a premium is earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of cotton.

² Figures for 1946 are estimated.

³ Figures for 1946 are estimated. All figures are for lint cotton only. Total liability of the Corporation also includes cottonseed production, when insured.

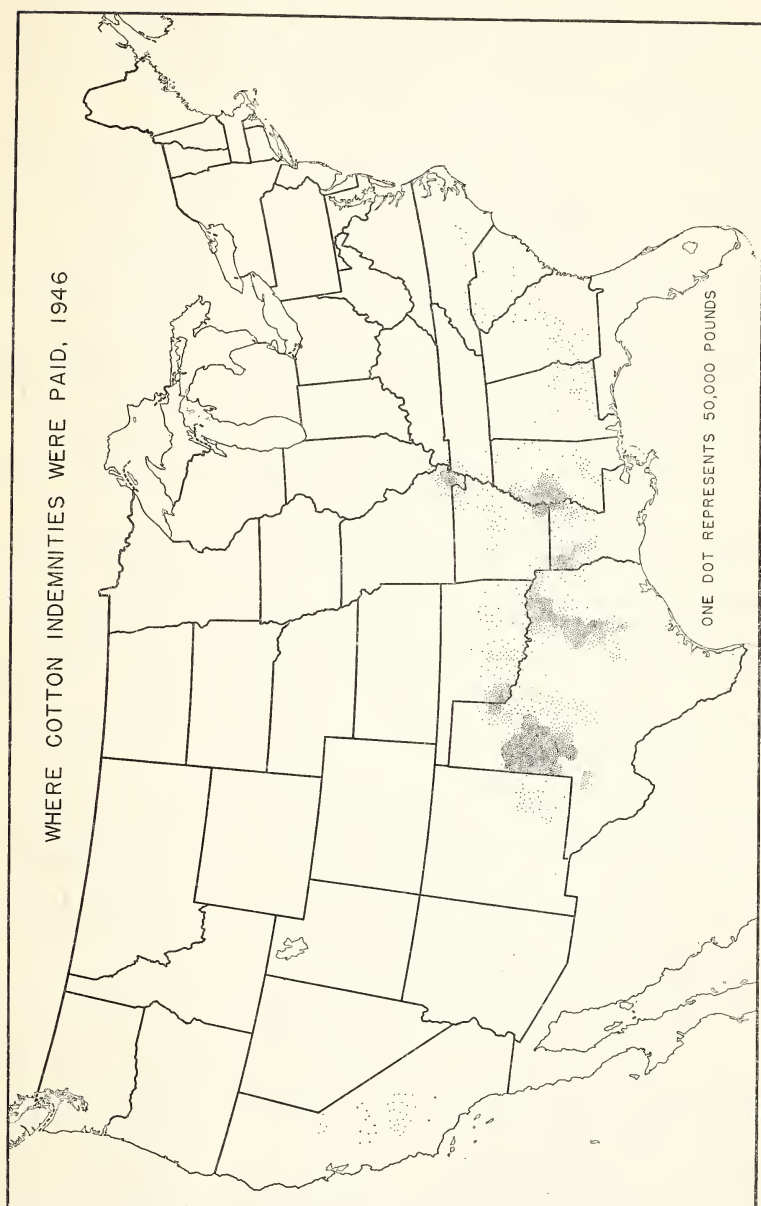


FIGURE 2.—Location of insured cotton losses in 1946. Total losses amounted to 149,403,645 pounds.

lowest average yield per acre since the last drought year of 1936. It will be observed from figure 2 that the heavy losses occurred in three major cotton producing areas. One of these areas was the Plains area of Texas, where the principal cause of loss was drought. The two other areas were eastern Texas and the Mississippi River Delta area in which the outstanding causes of loss were excessive rains, flood, and boll-weevil infestation.

A secondary factor contributing to the heavy cotton losses was the provisions of the insurance contract. Although the 1946 cotton crop insurance contract was much more conservative than in earlier years, it is now apparent that the improvements in this direction were not sufficient to place cotton insurance on a sound operating basis.

It became evident in 1946 that the coverage in the earlier stages of production was high enough to provide a profit. Such a situation, combined with adverse weather conditions, frequently made it more profitable to have a crop loss than to produce a crop. This was particularly true in areas where another crop could be planted on destroyed cotton acreage after the Corporation had settled the loss. It also became evident in 1946 that the final date for filing applications for insurance was late enough that producers in some areas had a reasonably accurate indication of the prospects of producing a normal crop. Under such conditions, a relatively large number of producers applied for insurance in areas where prospects were poor.

In 1947 added emphasis was placed on changes in the program which would place cotton insurance on a sounder operating basis. One of the more important changes was the further lowering of the coverage for the early stages of production. For example, a farm with an average yield of 250 pounds per acre now has a coverage of 47 pounds for the earliest stage of production, whereas the corresponding coverage for 1946 was 75 pounds. Likewise the coverage was lowered for other stages up to harvesttime. For harvested acreage the 1947 protection was increased somewhat. This provided an incentive for farmers to carry the crop through to completion of the harvest.

The second change was the establishment of earlier closing dates for the filing of applications for insurance. These closing dates have been advanced substantially in all areas where the prospects of producing a crop are indicated early in the season and to a lesser extent in all other areas. Advancing of the closing dates had the effect of reducing adverse selectivity by requiring producers to decide well ahead of planting time whether or not they would insure their crop.

A third change was a general increase in premium rates under the 1947 program. These increases in part reflect past loss experience and should contribute to a more favorable balance over the entire Cotton Belt between premium collections and indemnity payments. Another change was the classification of farms with about the same productivity into groups with each group having the same amount of protection. Still another change concerned the price which was used to establish the monetary amount of premiums and indemnities. In prior years, the monetary amount of premiums was based on the market price for the day the premium was due while the monetary amount of indemnities was based on the market price when the loss was paid. For 1947, however, a single fixed price was used to establish the monetary amount of both premiums and indemnities. This price was

based on 90 percent of the net average price per pound for the month of July on the 10 spot cotton markets.

These changes which were designed to place cotton insurance on a sounder basis had little effect on the producer's acceptance of the contract. In 1947 cotton-insurance contracts in force numbered 122,212, an increase of approximately 7 percent over the past year. These contracts represented crop-insurance protection on over eleven percent of the cotton farms and total premiums of approximately 52,000,000 pounds.

A more even distribution of participation was evident this year. Although the number of contracts in Texas and Oklahoma showed a substantial decrease, sizable increases were recorded in Mississippi, Louisiana, and Alabama. The relatively low participation in the cotton program can be attributed to a number of factors. Cotton producers as a whole are not as insurance-minded as producers of many other commodities. The delay in settlement of 1946 cotton indemnities due to a temporary shortage of funds reduced sales sharply in many States. The cotton program also is a newer program and the sales effort has been neither as vigorous nor as effective as that for other commodities. The location of the insured cotton acreage is shown in figure 3, page 22.

A number of factors combined make it possible to view the 1947 cotton program with more optimism. One is that the growing season this year has been more favorable, which has resulted in only 22,000 acres of cotton being released up to the time of harvest as compared with over 1,000,000 acres in 1946. A second factor is a better distribution of participation this year, combined with a more conservative contract.

FLAX-CROP INSURANCE

Flax-crop insurance was written on the basis of an annual contract. The insurance was against loss of yield of flaxseed; flax fiber was not insured. Both the amount of coverage and the premium rate were expressed in bushels but the premium was later converted to dollars for purposes of payment. The farmer had a choice of coverage, which was either 50 percent or 75 percent of the farm average yield. As in other commodities the protection increased as the crop progressed. On any acreage of flax destroyed and seeded to a substitute crop after a release of acreage by the Corporation, the maximum protection was one-half of the full coverage for such acreage. On any other insured acreage of flax not harvested, the maximum protection was 80 percent of the full coverage. For any acreage harvested, the full coverage applied.

The flax contract provided all-risk crop insurance against unavoidable causes and included the period from the time the flax was seeded till it was threshed. Settlements of loss were made in the form of certificates of indemnity which could be converted to cash by the insured producer. An assignment could be made by the insured against his right to an indemnity under the contract.

During 1946 there were 10,412 flax-insurance contracts in force. The total premiums amounted to 173,132 bushels, while indemnities of 183,918 bushels were paid on loss claims. Thus, on a commodity basis, the losses equalled 106 percent of the premiums. The losses

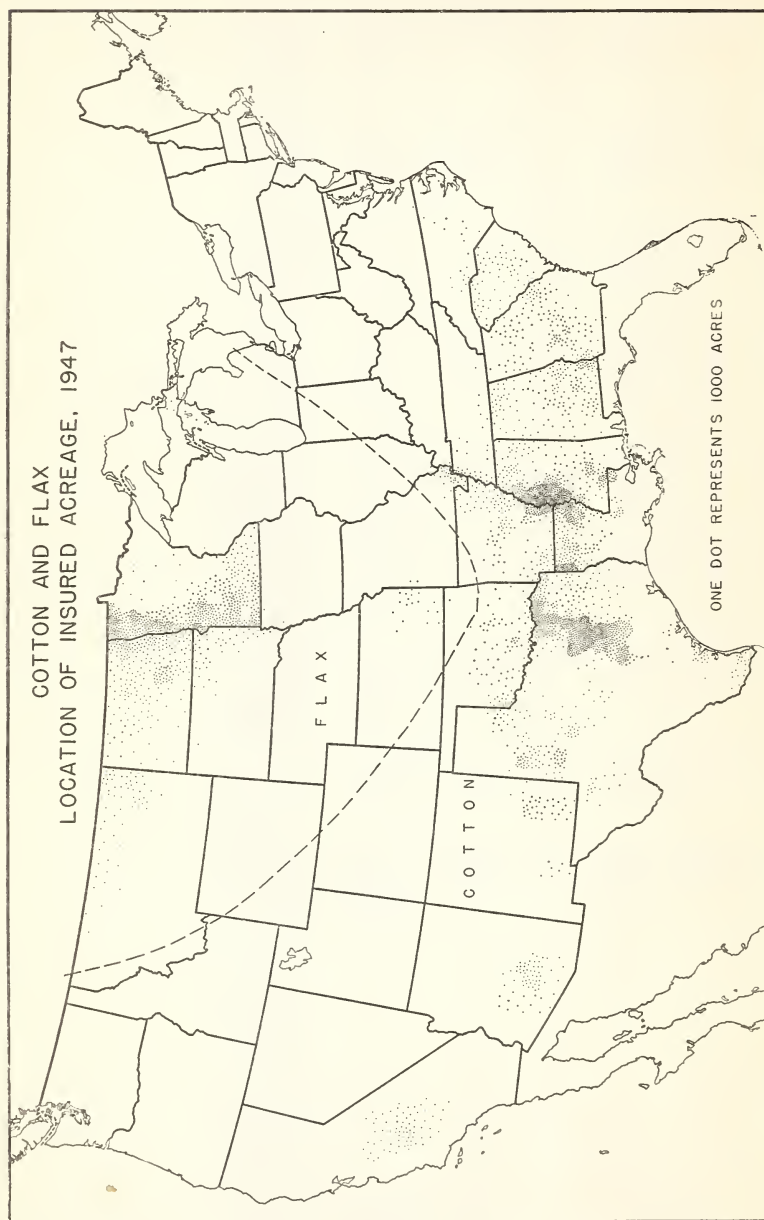


FIGURE 3.—Location of insured cotton and flax acreage in 1947. A small acreage of insured flax located in California and Texas is not included in this figure.

were mainly due to abandonment of acreage caused by damaging freezes and also to many spot losses. The year 1946 was the second year of insurance on flax. The losses for 1945 were 59 percent of the premiums. For the 2 years combined there was a premium balance of 28 percent of the total premium bushels.

The 1946 flax insurance experience is shown in table 3 by States and in table 6 for the United States. It will be noted from table 6 that these losses were relatively higher on a monetary basis than a commodity basis. This was due to a sharp increase in the market price of flax between the time the premiums in bushels were converted to dollars and the time the dollar value of indemnities was established. This price increase was due to removal of the price ceiling applicable to flaxseed and the critical shortage of flax which existed at that time. Ordinarily losses due to price changes occurring between the time premiums are converted to dollars and the time the amount of the indemnity is established are avoided by purchasing a quantity of the commodity at the time the premiums become due and selling the commodity as indemnities are paid. This operation preserves generally the same relationship in dollars as in commodity units. However, the critical shortage of flax in 1946 made it impossible for the Corporation to buy flaxseed for this operation. This resulted in a loss in dollars not caused from insurance operations but from price rise solely.

In 1947 there were 35,613 flax insurance contracts in force. This was a substantial increase over the amount of flax insurance for 1946 and a moderate increase over 1945. The amount of flax insurance in these 3 years has shown a rather close relationship with the total flax acreage seeded and the general interest of farmers in the crop. In 1945, when over 31,000 contracts were in force, there was considerable emphasis by the Government, including an incentive payment of \$5 per acre, on expanding the flax acreage for war needs. In the absence of the incentive payments for 1946, the total flax acreage seeded and the amount of insurance in force both declined materially. However, with renewed interest in flax for 1947, due to a much higher price, the total acreage seeded and the amount of insurance in force have both increased again. An intensive sales campaign in 1947 was also a factor in the increased number of flax contracts.

The number of flax contracts in force for 1947 is shown in table 3 by States and table 6 for the United States. The location of the insured flax acreage is shown in figure 3. The total premiums on this business was approximately 691,000 bushels. At this time the amount of losses on the 1947 crop is not known, but based on weather and crop conditions to date and estimates made by the Corporation's field organization, it is expected that the loss experience will be better than for 1946.

EXPERIMENTAL CROP INSURANCE

The history of all insurance, whether it be property, life or any other kind, contains many stories of success and failure. A great deal of the refinement in the insurance business today can be attributed to years of experience—years in which the more successful institutions have benefited not only from their own experience but also from the bitter

experience of their predecessors. The trial-and-error method has played a big part in the development of insurance as it is today. Crop insurance is no exception, other than it contains more complex problems than other types of insurance.

The approach to crop insurance on a Nation-wide basis through experimentation in a few representative counties and a gradual expansion is proving to be sound and practical. The contingent liability assumed in the early stages is relatively small when compared with that assumed on commodities insured on a national basis, and early errors can be corrected at a minimum of expense. The acceptability of the insurance plans tried can also be tested and changes made which will make the contracts more desirable from the producer's standpoint.

Congress apparently recognized the foregoing when it provided in 1944 for experimental insurance on a limited scale. Under this provision, insurance on corn and tobacco has been tried in a few counties beginning with the 1945 crop year. This short period has borne out the advantages of the experimental approach in developing crop insurance. Many lessons have been learned and much information secured which could never have been obtained through research and study alone. The cost of this development has been small. In fact the total premiums on corn and tobacco substantially exceeded the indemnities at the end of the 1946 crop year. At this writing, an accurate estimate of the results of 1947 operations cannot be made.

Prior to the recent amendment to the Federal Crop Insurance Act, legislation limited experimental insurance on each commodity to a period of 3 years and to 20 counties. The amendment removed the 3-year limitation. As pointed out earlier in this report, it also increased the number of counties beginning in 1948. This increase is to 35 in the case of tobacco and 50 in corn.

TOBACCO EXPERIENCE

Crop insurance on tobacco was first tried in 13 counties in 1945 and the following year expanded to 19 counties. The program was continued in all 19 counties in 1947. The counties were selected as representative of the different producing areas and were located as follows: 7 in the Flue-cured Belt, 8 in the Burley Belt, 1 in the Maryland Belt, and 3 in the several cigar-tobacco-producing districts. Insurance on dark air-cured tobacco was offered, in addition to burley insurance, in one of the counties in the Burley Belt, while fire-cured tobacco insurance was offered in another.

Two plans of tobacco-crop insurance have been tried. One was known as yield-quality insurance and the other as investment insurance. The yield-quality plan differed from the yield plan used in wheat, cotton, and flax in that it provided for insurance of quality as well as yield. The quality feature was included in tobacco because of the important effect of this factor on the income from the crop. The protection offered under this plan was a dollar amount determined at the end of the season. It was based on not to exceed 75 percent of the long-time average yield for the farm and a representative price for tobacco in the year of insurance, as adjusted upward or downward to reflect the experience on the farm over a period of years in selling tobacco at prices above or below the market average. The loss, if

any, was determined at the end of the crop year. The yield-quality plan of insurance was very popular with producers, comprising approximately 85 percent of all tobacco insurance sold.

The coverage under the investment plan of insurance was also stated in dollars and could not exceed 75 percent of the investment in the crop. Under present costs and prices the investment type of insurance represented about two-thirds of the coverage which could be secured through the yield-quality type. Only about 15 percent of the insured tobacco producers selected this plan.

The tobacco-crop insurance program has been rather well accepted by producers. There were 14,676 contracts written in the 19 counties in 1947, a 6 percent increase above the 13,842 contracts in force in the same counties in 1946. These contracts in 1947 represented 33 percent of the farms producing tobacco in these counties.

Good weather and favorable crop conditions in 1946 resulted in favorable loss experience under the tobacco insurance contracts. This was the second year of favorable experience in tobacco insurance and for the 2 years, 1945 and 1946 combined, the losses amounted to only 46 percent of the premiums. However, as a result of the late marketing in three of the counties, final settlement of all 1946 indemnities had not been made at the end of the 1947 fiscal year. It is expected that, on the basis of information now available, the losses for the 2-year period, 1945 and 1946, will equal approximately one-half of the premiums. The details of this experience are shown in table 4 for individual counties and in table 6 for the 19 counties combined.

The tobacco loss experience has been more favorable on investment insurance than on yield-quality insurance. This does not indicate that the investment plan is a sounder plan of insurance. Investment insurance, being a more conservative lower coverage contract, should show less loss in good crop years such as 1945 and 1946, because the production on more farms will generally exceed the coverage.

The short period of trial insurance on tobacco is too brief to be conclusive. However, the general acceptance of the program by tobacco growers, combined with the satisfactory manner in which the program has operated, and the fact that to date premiums have substantially exceeded indemnities, indicate that tobacco insurance has developed rather successfully. Apparently Congress recognized this indication in providing for an expansion of tobacco insurance to additional counties beginning in 1948.

CORN EXPERIENCE

Corn-crop insurance was offered on a trial basis in 1945 in 15 counties and expanded to 19 counties in 1946. It was available in the same 19 counties in 1947. The counties selected were representative of the various producing areas. In the selection of counties, consideration was given to the types of farming practices followed, acres devoted to the commodity and the importance of corn to individual farmers in relation to other commodities grown, size of the farms, variation in the production risks, types of soil, and the indicated interest of growers in crop insurance. The geographical location of the trial corn counties during 1946 and 1947 was: 14 counties spread throughout the Corn Belt, 2 in the Eastern States, and 3 in the Southern States.

Kentucky:	1945	do	258	257	286	28	1, 958	1, 177, 408	27, 211.31	9, 745.58	17, 465.73	.36
Bourbon	1946	do	619	612	820	19			32, 598.56	3, 738.92	28, 859.64	.11
	1947	do	430									
Larue	1945	do	407	401	454	72	763	540, 248	17, 268.16	11, 381.91	5, 886.25	.66
	1946	do	323	303	369	23			5, 868.56	1, 435.49	4, 433.07	.24
	1947	do	358									
Simpson	1946	Dark air-cured and burley.	543	517	1, 043	15			12, 907.72	713.17	12, 194.55	.06
	1947	do	172									
Ohio: Brown	1946	Burley	846	792	900	215			24, 225.40	25, 692.68	—1, 467.28	1.06
	1947	do	400									
Tennessee:												
Greene	1945	do	1, 178	1, 141	1, 427	96	2, 060	1, 386, 494	36, 800.99	7, 234.15	29, 566.84	.20
	1946	do	150	138	210	8			3, 150.50	457.07	2, 693.43	.15
	1947	do	826									
Maury	1945	do	534	517	619	96	1, 172	621, 207	17, 255.26	13, 094.30	4, 160.96	.76
	1946	do	510	479	575	47			9, 359.70	3, 316.94	6, 042.76	.35
	1947	do	637									
Montgomery	1946	Fire-cured and burley.	427	381	715	50			21, 144.29	5, 286.60	15, 857.69	.25
	1947	do	569									
Maryland: Charles	1946	Southern Maryland.	73	68	92	0			5, 944.50	0	5, 944.50	.00
	1947	do	103									
Connecticut: Hartford.	1946	Cigar binder	380	371	405	19			145, 538.23	38, 503.66	107, 034.57	.26
	1947	do	600									
Pennsylvania: Lancaster.	1945	Cigar filler	2, 521	2, 221	2, 550	771	13, 122	12, 580, 432	170, 861.40	266, 212.35	—95, 350.95	1.56
	1946	do	1, 540	1, 504	1, 880	100			110, 309.55	20, 180.12	90, 123.43	.18
	1947	do	1, 594									
Wisconsin: Vernon	1945	Cigar binder	2, 845	2, 765	3 080	640	8, 101	8, 489, 433	166, 934.00	193, 432.38	—26, 498.38	1.16
	1946	do	2, 199	2, 174	2, 512	9			128, 957.71	3, 337.22	125, 620.49	.03
	1947	do	2, 343									
Yield-quality total.	1945		11, 001	10, 522	11, 945	1, 822	44, 736	33, 523, 833	635, 377.74	529, 499.87	105, 877.87	.83
	1946		12, 020	11, 409	15, 074	752			736, 611.50	142, 991.18	593, 620.32	.19
	1947		12, 388									

See footnotes at end of table.

	1946	Burley	133	120	143	17		1, 337. 07	571. 76	765. 31	. 45
Ohio: Brown.	1947	do	55								
Tennessee:											
Greene	1945	do	9	9	9	0	11	1, 347			
	1946	do	50	47	59	0		140. 47	0	140. 47	. 00
	1947	do	2					301. 22	0	301. 22	. 00
Maury	1946	do	6	4	8	0					. 00
	1947	do	23					38. 45	0	38. 45	. 00
Montgomery	1946	Fire-cured and burley.	113	113	130	4		1, 202. 34	237. 55	964. 79	. 20
	1947	do	283								
Maryland: Charles	1947	Southern Mary-land.	12								
Connecticut: Hart-	1946	Cigar binder	72	65	92	0		29, 292. 44	0	29, 292. 44	. 00
Pennsylvania: Lan-	1947	do	4								. 00
caster.	1945	Cigar filler	63	42	44	0	171	1, 019. 20	0	1, 019. 20	. 00
	1946	do	103	97	113	0		1, 583. 34	0	1, 583. 34	. 00
	1947	do	122								. 00
Wisconsin: Vernon	1945	Cigar binder	34	26	28	0	76	341. 67	0	341. 67	. 00
	1946	do	44	42	44	0		556. 40	0	556. 40	. 00
	1947	do	165								
Investment	1945		1, 586	1, 546	1, 879	7	9, 427	41, 629. 21	453. 61	41, 175. 60	. 01
total.	1946		1, 795	1, 592	2, 183	47		54, 138. 15	2, 811. 41	51, 326. 74	. 05
	1947		2, 288								
Total, all to-	1945		12, 587	12, 068	13, 824	1, 829	54, 163	677, 006. 95	529, 953. 48	147, 053. 47	. 78
bacco.	1946		13, 815	13, 001	17, 257	799		790, 749. 65	145, 802. 59	644, 947. 06	. 18
	1947		14, 676								

¹ The number of farms is larger than the number of contracts because a farmer's contract generally includes all the farms in which he has an insurable interest in the county. The figure representing number of farms includes duplication where both landlord and tenant are insured. The number of contracts on which a premium is earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of tobacco.

² Data for 1946 in process of being tabulated.

Two plans of corn-crop insurance, yield and investment, were tried. The yield plan insured against loss of yield, as in wheat, cotton, and flax, with the amount of protection not exceeding 75 percent of the farm's average yield. A modified type of yield insurance was offered in a few counties. It was a plan whereby a predetermined price per bushel was used in computing the value of both the premiums and indemnities.

The second plan afforded the producer protection based on his investment in the crop. The investment or typical cost per acre was determined by making a detailed study of the cost of production. Under this plan the amount of insurance was stated in dollars instead of commodity units. It afforded the producer lower protection than yield insurance at a correspondingly lower premium rate. Generally, the highest level of investment insurance ranged from about one-half to two-thirds of the protection provided by yield insurance.

Under this plan two types of investment insurance were tried. The first type set a basic amount of protection per acre for each county. This basic amount was not in excess of 75 percent of the typical cost per acre and was applicable to all farms in the county with a few exceptions, which were the abnormally low yielding farms. The other type of investment insurance was tried in five of the experimental corn counties. Under this type, all farms were generally grouped into three classifications: Low yield group, average yield group, and higher than average yield group. A low basic amount of insurance was established which was applicable to all farms within a yield group. This basic amount of insurance could be increased by the farmer by following certain yield-increasing practices, such as application of fertilizer, use of hybrid seed, etc. The maximum protection, however, under this plan could not exceed 75 percent of the investment in the crop.

On a monetary basis the total 1946 corn insurance premiums amounted to approximately \$375,000. The losses were 80 percent of the premiums. Losses were heavy in only 4 of the 19 counties. In 3 of these counties, the primary cause of loss was drought. In the other county considerable damage was caused by frost, cool wet weather, and windstorm. This loss experience is shown in table 5 for individual counties and in table 6 for all 19 counties combined. It will be observed from table 5 that the over-all loss experience was more favorable for investment insurance than for yield insurance. This was due to the fact that investment insurance was a lower level of protection than yield insurance. Since investment insurance offers a lower level of protection at a lower premium rate it is expected that the percent of loss will ordinarily be less than for yield insurance except in years when severe crop losses occur. A close review of the loss experience by counties shows that there was essentially no difference between the loss experience for yield and investment insurance in the 3 counties where heavy losses occurred in 1946.

The cumulative figures for all corn insurance show a slight operating deficit for the 2 years 1945-46 combined. This deficit is due to the relatively heavy corn losses sustained in 1945. These losses were due primarily to excessive moisture and an early fall frost in nearly one-half of the experimental counties.

TABLE 5.—*Corn trial crop insurance experience, by counties, 1945-47*
 [As of June 30, 1947]
 YIELD INSURANCE

State and county	Crop year	Con- tracts in force 1	Crop planted and premium earned									Loss ratio
			Con- tracts 1	Farms 1	Indem- nities	Insured acreage	Insured production	Premiums	Indemnities	Surplus or deficit		
Illinois: Montgomery----- Vermilion-----	1945	Number 952	Number 903	Number 1,125	Number 542	Acres 24,946	Bushels 394,992	Bushels 33,740	Bushels 74,975	Bushels -41,235	2.22	
	1946	344	342	405	13	-----	-----	17,608	1,154	16,454	.07	
	1947	189	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	1946	234	233	297	4	-----	-----	29,222	598	28,624	.02	
	1947	79	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Indiana: Miami-----	1945	565	557	769	10	22,568	413,385	14,757	919	13,838	.06	
	1946	438	438	549	37	-----	-----	12,188	5,857	6,331	.48	
Iowa: Marion-----	1947	335	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	1945	775	744	1,149	259	27,760	522,051	33,575	65,647	-32,072	1.96	
	1946	171	169	252	52	-----	-----	24,140	19,553	4,587	.81	
	1947	277	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	1945	87	87	148	1	7,289	30,060	4,626	166	4,460	.04	
Kansas: Phillips-----	1946	78	78	120	93	-----	-----	9,496	19,751	-10,255	2.08	
	1947	50	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Kentucky: Daviess-----	1946	33	33	36	1	-----	-----	1,656	113	1,543	.07	
	1947	87	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Maryland: Kent-----	1945	263	262	301	39	7,527	144,138	9,668	5,396	4,272	.56	
	1946	73	73	90	3	-----	-----	2,809	241	2,568	.09	
	1947	9	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Michigan: Hillsdale-----	1945	1,337	1,324	1,763	333	28,900	500,153	28,709	37,390	-8,681	1.30	
	1946	363	362	433	344	-----	-----	10,872	68,737	-57,865	6.32	
Minnesota: Redwood-----	1947	556	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	1945	274	271	396	151	19,160	327,972	34,313	52,654	-18,341	1.53	
	1946	127	122	151	43	-----	-----	18,827	9,850	8,977	.52	
	1947	132	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Missouri: Carroll-----	1945	939	929	1,186	767	28,328	475,601	49,369	135,920	-86,551	2.75	
	1946	198	198	256	30	-----	-----	18,969	6,054	12,915	.32	
	1947	100	-----	-----	-----	-----	-----	-----	-----	-----	-----	

See footnotes at end of table.

TABLE 5.—*Corn trial crop insurance experience, by counties, 1945-47—Continued*
[As of June 30, 1947]
YIELD INSURANCE—Continued

[illegible]

Iowa:		1945	1,676	1,662	2,094	81	106,247	1,837,244	28,383.20	19,360.72	9,022.48	.68
Buena Vista		1946	1,359	1,302	1,564	10	---	---	28,608.67	1,973.60	26,635.07	.07
		1947	1,300	---	---	---	---	---	---	---	---	---
Marion		1946	150	150	204	6	---	---	6,430.05	935.49	5,494.56	.15
Kansas: Phillips		1946	128	123	161	72	---	---	5,350.49	8,768.62	-3,418.13	1.64
		1947	14	---	---	---	---	---	---	---	---	---
Kentucky: Daviess		1946	19	18	20	0	---	---	264.32	0	264.32	.00
		1947	1	---	---	---	---	---	---	---	---	---
Maryland: Kent		1946	48	48	54	2	---	---	949.32	52.64	896.68	.06
		1947	229	---	---	---	---	---	---	---	---	---
Michigan: Hillsdale		1946	160	160	200	84	---	---	2,182.79	11,236.01	-9,053.22	5.15
		1947	78	---	---	---	---	---	---	---	---	---
Minnesota: Redwood		1945	222	222	305	54	14,797	182,722	14,688.17	12,223.13	2,435.04	.83
		1946	449	449	545	24	---	---	20,112.78	4,165.69	15,947.09	.21
		1947	476	---	---	---	---	---	---	---	---	---
Missouri: Carroll		1946	58	58	81	1	---	---	2,312.93	31.80	2,281.13	.01
		1947	373	---	---	---	---	---	---	---	---	---
Nebraska: Saunders		1946	145	145	180	2	---	---	10,229.61	764.80	9,464.81	.07
		1947	133	---	---	---	---	---	---	---	---	---
Pennsylvania: Chester		1945	731	721	813	46	13,520	389,236	9,434.70	6,828.63	2,606.07	.72
		1946	479	475	547	31	---	---	7,946.33	4,900.03	3,046.30	.62
		1947	481	---	---	---	---	---	---	---	---	---
South Dakota: Turner		1946	69	69	86	3	---	---	5,170.59	330.68	4,839.91	.06
		1947	90	---	---	---	---	---	---	---	---	---
Texas: McLennan		1946	110	109	138	30	---	---	1,813.22	2,293.01	-479.79	1.26
		1947	158	---	---	---	---	---	---	---	---	---
Wisconsin: Sauk		1946	1,104	1,095	1,197	305	---	---	16,855.29	26,353.56	-9,498.27	1.56
		1947	369	---	---	---	---	---	---	---	---	---
Investment insurance total		1945	2,903	2,876	3,570	193	153,338	2,637,651	65,714.23	40,912.94	24,801.29	.62
		1946	4,571	4,494	5,305	615	---	---	117,317.92	67,371.10	49,946.82	.57
		1947	3,972	---	---	---	---	---	---	---	---	---
Total, all corn		1945	10,603	10,416	13,578	3,419	418,750	---	---	---	---	---
		1946	7,422	7,330	8,808	1,432	---	---	---	---	---	---
		1947	6,868	---	---	---	---	---	---	---	---	---

¹ The number of farms is larger than the number of contracts because a farmer's contract generally includes all the farms in which he has an insurable interest in the county. The figure representing number of farms includes duplication where both landlord and tenant are insured. The number of contracts on which a premium is earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of corn.

TABLE 6.—Federal crop insurance experience, United States summary, 1945-47
[As of June 30, 1947]

Commodity	Crop planted and premium earned													
	Con- tracts in force 1	Con- tracts 1	Farms 1	Indem- nities	Insured acres 2	Insured produc- tion 3	Commodity basis			Monetary basis			Loss ratio 4	
							Premi- ums 4	Indemn- ties 4	Surplus or deficit 4	Premiums	Indemnities	Gain or loss from commodity transac- tions		Surplus or deficit
Wheat:	Number	Number	Number	Number	Acres					Dollars	Dollars	Dollars	Dollars	
1945 6	14,300	12,836	19,404	2,207	1,098,637	8,042,204	1,083,824	471,616	612,208	1,514,274.31	687,177.66	1,514,274.31	827,096.65	0.44
1946	305,428	225,246	292,050	45,382	9,223,833	84,159,618	9,226,361	5,367,433	3,858,928	16,074,216.38	10,135,191.23	2,798,315.50	8,737,340.75	.58
1947	300,408													
Total 1945-46							10,310,185	5,839,049	4,471,136	17,588,490.69	10,822,368.89	2,798,315.50	9,564,437.40	.57
Flax:														
1945	31,131	26,036	31,789	6,936	789,142	3,670,577	487,076	288,769	198,307	1,415,887.47	842,175.04		573,712.43	.59
1946	10,412	8,832	10,819	3,513	277,030	1,341,044	173,132	183,918	-10,786	646,626.78	1,170,795.18		-524,168.40	1.06
1947	35,613													
Total 1945-46							600,208	472,687	187,521	2,062,514.25	2,012,970.22		49,544.03	.72
Cotton:														
1945	96,231	89,979	113,849	48,385	3,049,905	382,233,645	22,328,346	76,418,505	-54,090,159	5,273,968.97	20,541,499.55	87,000.90	-15,180,500.58	3.42
1946	114,270	106,313	131,582	72,975	4,306,145	527,400,321	43,246,125	149,403,645	-106,157,520	15,181,898.77	50,940,974.13	-741,101.96	-36,500,177.32	3.45
1947	122,212													
Total 1945-46							65,574,471	225,822,150	-160,247,679	20,455,897.74	71,482,473.68	-654,101.96	-51,680,677.90	3.44
Tobacco:														
1945	12,587	12,068	13,824	1,829	54,163	14,557,715				677,006.95	529,953.48		147,053.47	.78
1946	13,815	13,001	17,257	799			790,749.65			145,802.59			644,947.06	.18
1947	14,676													
Total 1945-46										1,467,756.50	675,756.07		792,000.53	.46
Corn:														
1945	10,603	10,416	13,578	3,419	418,750	7,612,973				397,310.99	657,443.40		-260,132.41	1.65
1946	7,422	7,330	8,808	1,432						375,904.45	290,419.36		76,485.09	.80
1947	6,868													
Total 1945-46										773,215.44	956,862.76		-183,647.32	1.24

[illegible]

¹ The number of farms is larger than the number of contracts because a farmer's contract generally includes all his farms in the county. The number of contracts and farms on which a premium was earned is usually less than the number of contracts in force because farmers in some years do not plant any acreage of the insurable commodity. The figure representing the number of farms includes duplication where both landlord and tenant are insured.

² Figures for 1946 cotton are estimated. Corn and tobacco 1946 figures are now being tabulated.

² Figures for 1946 cotton are estimated. Corn and tobacco 1946 figures are now being tabulated. Corn and tobacco 1946 figures are now being tabulated. Corn and tobacco 1946 figures are now being tabulated.

³ Wheat and flax figures expressed in bushels, cotton figures in pounds. Figures for 1946 cotton estimated. Corn and tobacco 1946 figures are now being tabulated. Figures for 1946 cotton are estimated. Corn and tobacco 1946 figures are now being tabulated.

3 Wheat and flax figures expressed in bushels, cotton figures in pounds.
4 Wheat and flax figures expressed in bushels, cotton figures in pounds.

⁴ Wheat and flax figures expressed in bushels, cotton figures in pounds.

• The figures shown for 1945 include only spring wheat, since no winter wheat for harvest in 1945 was insured.

Participation in the corn-crop insurance program dropped from 7,413 contracts in 1946 to 6,868 in 1947 despite considerable shifting of volume in several counties. The 1947 contracts represented 19 percent of the corn-producing farms in the 19 counties compared with 21 percent in 1946. Each of these years, however, represented a substantial decrease from the 1945 participation. During the first year of the corn program the heaviest participation was in the yield type of insurance but in the last 2 years the decrease in participation in yield insurance has resulted in a lower number of these contracts being in force than the investment type.

Several changes were made in the 1947 corn program. The major change was in the method of loss adjustment. Many farmers sell part of their corn and feed the balance. The nature of corn is such that there is no need for a quick harvest and the harvesting in many cases is spread over a relatively longer period of time than that for other commodities. During this time, however, there is usually some harvesting done and a part of the corn is fed with no records being kept. As a result of such situations the 1947 contract provided for the Corporation to adjust losses on the basis of an appraisal of the actual corn produced and still in the field rather than wait a considerable period of time until all the corn is harvested and risk the possibility of not being able to secure accurate production figures.

Corn presents some problems which are quite distinct from those in tobacco and the other commodities being insured. As stated earlier, corn is a crop which is frequently partially sold for cash and partially fed. There is also a tendency to plant longer-maturing higher-yielding varieties which create yield problems as well as risk problems because of the greater risk from frost. These problems combined with the lesser degree of acceptance of corn insurance by farmers do not mean that the insurance of corn is impractical but they do suggest that further experimentation is necessary. Accordingly, the Corporation plans to make only a moderate expansion in the corn insurance program for the following crop year and to concentrate on the solution of the foregoing problems.

FINANCIAL STATEMENTS

The financial condition of the Corporation as of June 30, 1947, is reflected by the comparative balance sheet following these comments. It shows account status at June 30, 1946, and June 30, 1947. Other statements consist of a comparative statement of administrative and operating expenses and a summary of annual administrative appropriations for each year of operation and administrative and operating expenditures made therefrom.

The financial statements do not reflect premium income on 1947 crops for insurance in force on June 30, 1947, except for a small amount of premiums paid prior to maturity of the premium notes. The amount of such advance premium payments less the amount of approved indemnity claims covering early losses on the 1947 crop is shown in the balance sheet and classified as "Deferred income."

Premium notes are executed with the signing of applications for insurance; however, the commodity premium, such as bushels of wheat and flax or pounds of cotton, is not determined until reports of

the acreage planted on each insured farm have been obtained. After the premiums have been established in terms of the commodity insured, they cannot be included in the financial statements on a monetary basis until the cash-equivalent conversion prices have been established, based on applicable market prices effective on maturity dates of the notes. On the basis of current price levels it is estimated that premiums on 1947 insured crops will aggregate approximately 51 million dollars. Substantially all crop losses on the 1947 crop will be determined and paid subsequent to June 30, 1947.

The balance sheet reflects activities affecting the capital and insurance funds only. The equipment owned by the Corporation does not appear as an asset, since purchases of equipment are made from funds appropriated separately for administrative expenses.

EXPLANATORY COMMENTS ON BALANCE SHEET

(Exhibit A, p. 42)

CASH

Cash amounting to \$10,177,564.96 was on deposit with the Federal Reserve Bank of Chicago, and the Chief Disbursing Officer of the Treasury Department as of June 30, 1947. Treasury Department facilities are utilized in making deposits and disbursements. Receipts and disbursements are handled by the Chicago branch office of the Corporation through the accounts of the Chief Disbursing Officer of the Treasury Department, the Federal Reserve Bank of Chicago being used as the depository.

ACCOUNTS RECEIVABLE

Premiums on insurance contracts amounting to \$2,511,803.04 as of June 30, 1947, consist primarily of indebtedness due from insured producers on crop-insurance premium notes for the 1942, 1943, 1945, and 1946 crop years; unpaid interest on premium notes for the 1945 and 1946 crop years; and credit items representing overpayments by insured producers, which are to be refunded. Interest is not recorded on delinquent premiums until collected except in cases where remittances covering payment of premiums in full do not include interest and are received after the expiration of the interest-free period. The increase of \$1,192,504.29 over the balance as of June 30, 1946, represents the net excess of insurance premiums on 1946 crop year contracts over total collections received during the 1947 fiscal year. This outstanding balance is about 3 percent of the total amount of the premium notes for the 1942, 1943, 1945, and 1946 crop years.

The reserve for uncollectible accounts of \$561,270.30 represents the balance as of June 30, 1947, of a reserve established during the fiscal year 1947 as applicable to unpaid balances of premiums on insurance contracts for the crop years 1942 through 1946.

The amount of \$851,647.33 due from the Commodity Credit Corporation (PMA) represents the balance due the Corporation on June 30, 1947, as a result of commodity purchase and sale transactions consummated by the Commodity Credit Corporation for the account of the Federal Crop Insurance Corporation. The decrease of \$4,371,037.67 reflects the net liquidation in the account during the fiscal year 1947.

The balance due from administrative funds amounting to \$23,735.35 on June 30, 1946, consisting of amounts paid from capital funds for storage expenses was reimbursed from the administrative funds during the 1947 fiscal year.

The balance of \$12,369.58 shown as due from "Other" represents checks scheduled for cancelation because of change in Chief Disbursing Officers and forwarded to the Treasury Department, Division of Disbursements, for transmittal to the General Accounting Office, the amounts of which have not been transferred from the official balance of the retiring Chief Disbursing Officer and covered into the Treasury.

COMMODITIES PURCHASED FOR DEFERRED DELIVERY—WHEAT

The balance in this account amounting to \$3,705,354.70 at June 30, 1947, represented the cost of 1,725,732 bushels of wheat purchased for deferred delivery (unfilled wheat purchase commitments) by the Commodity Credit Corporation (PMA) for the account of the Federal Crop Insurance Corporation. The following tabulation shows the bushels by delivery date and indicates a comparison of the market value as of June 30, 1947, with the cost of acquisition:

<i>Delivery Date</i>	<i>Bushels</i>	<i>Market Value</i>	<i>Cost</i>
July 1947-----	1, 675, 732	\$3, 636, 338. 44	\$3, 593, 854. 70
September 1947-----	50, 000	107, 500. 00	111, 500. 00
Total-----	<u>1, 725, 732</u>	<u>3, 743, 838. 44</u>	<u>3, 705, 354. 70</u>

ACCOUNTS PAYABLE

Estimated indemnities payable represent established cash values (crop years 1941 to 1945) and estimated cash values (crop years 1946 and 1947) of outstanding certificates of indemnities as of June 30, 1947, issued to insured producers in settlement of loss claims under crop insurance contracts and not presented to the Corporation for payment. The claims resulted from losses that occurred on insured crops during crop years from 1941 to 1943 and from 1945 to 1947. The liability by applicable crop years is shown as follows:

Crop years 1941 to 1943 (established cash value)---	\$266, 342. 85
Crop year 1945 (established cash value)-----	24, 531. 00
Crop year 1946 (estimated)-----	1, 779, 662. 00
Crop year 1947 (estimated)-----	292. 00
Total-----	<u>2, 070, 827. 85</u>

The estimated liability for the 1946 and 1947 crop years does not include liability for unapproved indemnity claims. The following summary reflects the distribution of the liability for unliquidated loss claims on the several crops insured by the Corporation:

Cotton contracts-----	\$1, 780, 698. 15
Wheat contracts-----	274, 819. 70
Flax contracts-----	4, 749. 00
Corn contracts-----	10, 561. 00
Total-----	<u>2, 070, 827. 85</u>

The Corporation's liability on indemnity claims in most cases is computed in terms of commodity, and a certificate of indemnity is issued to a claimant in settlement of an approved indemnity claim. Until such time as the certificate is surrendered to the Corporation for payment or an established cash equivalent of the claim is determined, an estimate of the value of the outstanding certificate is necessary. Average market prices on dates applicable to the respective commodities are the bases for the estimate.

The increase of \$770,052.40 in estimated indemnities payable as of June 30, 1947, compared with June 30, 1946, consists of indemnities applicable to the 1946 and 1947 crop years after an offsetting net reduction of \$901,872.60 in estimated indemnities for the crop years 1941 to 1945.

Returned checks unclaimed-canceled amounting to \$7,436.47 consist of amounts due insured producers for which checks issued in payment were, for various reasons, not delivered to the payees. Such checks are returned to the Corporation and canceled. When payees are located, new checks are issued in payment of the amounts due.

The balance due administrative funds amounting to \$56,371.30 is comprised of storage recoveries deducted from indemnity payments which are payable to the administrative fund. Adjustments of these accounts are made periodically.

DEFERRED LIABILITIES

The balance of unfilled wheat purchase commitments amounting to \$3,705,354.70 represents the cost value of undelivered wheat purchases (purchased for deferred delivery) as of June 30, 1947.

UNDISTRIBUTED CREDITS

This balance consists of unapplied premium receipts amounting to \$38,732.72 as of June 30, 1947. Insurance premiums are normally collected by county associations which in turn transmit them to the branch office. However, in some instances insured producers transmit premium payments directly to the branch office without including complete information relative to their contracts. Such insurance premium receipts which cannot be immediately identified are placed in this account until proper distribution can be made.

DEFERRED INCOME

This balance amounting to \$349,656.57 as of June 30, 1947, represents premiums collected before maturity on insurance contracts (less approved indemnity claims) for the 1947 crop year as follows:

Premium collections.....	\$350, 527. 94
Less: Approved indemnity claims.....	871. 37
Net amount.....	<u>349, 656. 57</u>

The decrease of \$2,186,422.93 represents the net decrease in premiums collected before maturity (less approved indemnity claims) for the crop year 1947 compared with the crop year 1946.

CAPITAL

Capital stock outstanding as of June 30, 1947, amounted to \$90,000,000. The Corporation's enabling act authorized capital stock in the amount of \$100,000,000. Of this amount, \$90,000,000 has been subscribed by the Secretary of the Treasury; and that amount was requisitioned by the Corporation prior to June 30, 1947.

The increase of \$20,000,000 in capital stock outstanding as of June 30, 1947, compared with June 30, 1946, represents an additional appropriation made to the Secretary of the Treasury during the fiscal year 1947, which was requisitioned by the Corporation prior to the close of the fiscal year.

The operating deficit of \$79,530,910.30 represents the total deficit from insurance operations applicable to the crop years from 1939 to 1943, inclusive, and to the crop years 1945 and 1946. The operating deficit from insurance operations recorded during the fiscal year 1947 amounted to \$28,807,497.15. This increase in deficit is applicable to crop years as follows:

Crop years 1945 and 1946.....	\$28, 427, 360. 73
Crop years 1939 to 1943, inclusive.....	380, 136. 42
Total increase.....	<u>28, 807, 497. 15</u>

The increase in deficit applicable to crop years 1945 and 1946 is reflected by commodities in table 6 of this report. The increase in deficit applicable to the crop years 1939 to 1943, inclusive, consists of the following:

Adjustments to insurance premiums.....	\$1, 421. 16
Increase in approved indemnity claims.....	10, 325. 04
Debt cancellations, net.....	15, 183. 78
Provision for uncollectible accounts.....	353, 222. 45
Total.....	<u>380, 152. 43</u>
Deduct—Adjustment, profit on sale of commodities..	16. 01
Total crop years 1939 to 1943.....	<u>380, 136. 42</u>

EXPLANATORY COMMENTS ON ADMINISTRATIVE AND OPERATING EXPENSES

(Exhibits B and C, pp. 43 and 44)

Exhibit B reflects a comparison of administrative and operating expenses for the 1947 and 1946 fiscal year appropriations as of June 30, 1947. The increase in total expenses amounting to \$489,728.72 for the fiscal year 1947, as compared with the fiscal year 1946, reflects costs of administration in connection with increased volume of insurance contracts under the Corporation's insurance program during the fiscal year 1947. This increase was from 451,347 contracts in 1946 to 539,777 contracts in 1947.

Exhibit C summarizes the administrative and operating expenses of the Corporation by fiscal years as of June 30, 1947, on a basis of total appropriations for each of the years the Corporation has been in existence. The changes reflected in expenses for the fiscal years 1939, 1942, 1943, 1944, 1945, and 1946, as compared with amounts shown in the report of June 30, 1946, result from liquidation or can-

celation of unliquidated obligations for those fiscal years during the fiscal year 1947. The detail of expenses for the fiscal years 1947 and 1946 is shown in Exhibit B.

Direct administrative and operating expenses of the Corporation from the time of its organization to June 30, 1947, amounted to \$19,246,001.94 as reflected in Exhibit C. This amount represents expenses of the headquarters office and field offices and includes storage expenses in the amount of \$2,165,761.99. For the same period expenses for cooperating agencies which have contributed toward the operations of the insurance programs amounted to \$27,065,778.73, of which amount \$25,877,332.79 was expended by the Field Service Branch of the Production and Marketing Administration. This represents approximately 58 percent of the total program expenses and reflects to a great extent the cost of field operations. Beginning in the fiscal year 1945 and continuing through the fiscal year 1947, field expenses for insurance contract sales and loss adjustments have been paid directly by the Corporation instead of by transfer to another agency.

EXHIBIT A

CAPITAL FUNDS

Comparative balance sheet for the fiscal years ended June 30, 1947, and June 30, 1946, as of June 30, 1947

ASSETS			
	<i>Fiscal year ended— June 30, 1947</i>	<i>June 30, 1946</i>	<i>Increase or decrease</i>
Cash.....	\$10,177,564.96	\$16,619,694.70	—\$6,442,129.74
Accounts receivable:			
Premiums on insurance contracts.....	2,511,803.04	1,319,298.75	1,192,504.29
Less: Reserve for uncollectible accounts.....	561,270.30	-----	561,270.30
Net amount.....	1,950,532.74	1,319,298.75	631,233.99
Commodity Credit Corporation (PMA).....	851,647.33	5,222,685.00	—4,371,037.67
Administrative funds.....	-----	23,735.35	—23,735.35
Other.....	12,369.58	284.18	12,085.40
Total accounts receivable.....	2,814,549.65	6,566,003.28	—3,751,453.63
Commodities purchased for deferred delivery— Wheat.....	3,705,354.70	-----	3,705,354.70
Total assets.....	16,697,469.31	23,185,697.98	—6,488,228.67
LIABILITIES AND CAPITAL			
Accounts payable:			
Indemnities payable (estimated).....	¹ \$2,070,827.85	¹ \$1,300,775.45	\$770,052.40
Returned checks unclaimed (canceled).....	7,436.47	2,553.63	4,882.84
Due administrative fund.....	56,371.30	-----	56,371.30
Total accounts payable.....	2,134,635.62	1,303,329.08	831,306.54
Deferred liabilities:			
Unfilled wheat-purchase commitments.....	3,705,354.70	-----	3,705,354.70
Undistributed credits:			
Unapplied premium receipts.....	38,732.72	69,702.55	—30,969.83
Deferred income:			
Premium collections (less approved indemnity claims).....	349,656.57	2,536,079.50	—2,186,422.93
Total liabilities.....	6,228,379.61	3,909,111.13	2,319,268.48
Capital:			
Capital stock authorized.....	100,000,000.00	100,000,000.00	-----
Less: Unissued stock.....	10,000,000.00	30,000,000.00	—20,000,000.00
Capital stock outstanding.....	90,000,000.00	70,000,000.00	20,000,000.00
Operating deficit.....	79,530,910.30	50,723,413.15	28,807,497.15
Net capital.....	10,469,089.70	19,276,586.85	—8,807,497.15
Total liabilities and capital.....	16,697,469.31	23,185,697.98	—6,488,228.67

¹ Does not include liability for unapproved indemnity claims.

EXHIBIT B

Comparative statement of administrative and operating expenses for the 1947 and 1946 fiscal year appropriations, as of June 30, 1947

Item	Expenses, as of June 30, 1947		Increase or decrease
	1947 appropriation	1946 appropriation	
Direct expenses except commodity storage:			
Personal services.....	\$3,060,321.23	\$1,873,620.63	\$1,186,700.60
Travel.....	371,286.84	315,533.86	55,752.98
Transportation of things.....	40,978.49	15,533.49	25,445.00
Communication services.....	24,169.73	141,517.58	-17,347.85
Rents and utility services.....	58,159.71	29,278.82	28,880.89
Printing and binding.....	74,630.10	71,681.39	2,948.71
Other contractual services.....	61,292.09	47,175.45	14,116.64
Insurance contract sales expense.....	603,561.00	981,937.45	-378,376.45
Commodity purchase expense.....	57,667.99	6,000.00	51,667.99
Supplies and materials.....	42,477.41	43,178.14	-700.73
Total direct expense except commodity storage.....	4,394,544.59	3,425,456.81	969,087.78
Commodity storage:			
Wheat.....	323,766.85		323,766.85
Cotton.....	12,215.06	11,689.22	525.84
Total direct expenses.....	4,730,526.50	3,437,146.03	1,293,380.47
Allotted to cooperating agencies:			
Field Service Branch (PMA):			
Administrative.....	659,983.00	795,584.00	-135,601.00
County.....	1,627,436.50	2,273,790.00	-646,353.50
Total FSB.....	2,287,419.50	3,069,374.00	-781,954.50
Office of Information.....		1,683.47	-1,683.47
Treasury Department:			
Treasurer's Office.....	610.00	630.00	-20.00
Division of Disbursement.....	22,161.00	16,244.00	5,917.00
Total expenses of cooperating agencies.....	2,310,190.50	3,087,931.47	-777,740.97
Total expenses (excluding equipment purchases).....	7,040,717.00	6,525,077.50	515,639.50
Equipment purchased.....	588.77	26,499.55	-25,910.78
Total expenses.....	7,041,305.77	6,551,577.05	489,728.72

¹ Includes penalty mail in the amount of \$24,304.98.

Exhibit C

Summary of administrative and operating expenses by appropriations, as of June 30, 1947

Fiscal Year	Appropriations	Net transfers	Amount available	Expenses						Total expenses	Savings	
				Federal Crop Insurance Corporation			Cooperating agencies					
				General		Storage	Total	FSB 1	Other			Total
1938	\$965,000.00	-----	-----	\$965,000.00	\$234,546.07		\$234,546.07				\$234,546.07	\$730,453.93
1939	5,500,000.00	-\$500,000.00	5,000,000.00	1,648,344.41	\$308,564.07	1,956,908.48	\$2,246,125.76	\$151,580.77	\$2,397,706.53		4,354,615.01	645,384.99
1940	5,423,200.00	+400,000.00	5,823,200.00	1,320,437.79	858,317.17	2,178,754.96	3,280,107.88	191,916.17	3,472,084.05		5,650,839.01	172,390.99
1941	5,423,200.00	+100,000.00	5,523,200.00	1,148,169.32	865,395.92	2,013,565.24	2,814,425.07	200,737.64	3,015,162.71		5,028,728.95	494,471.05
1942	8,559,827.00	-----	8,559,827.00	1,598,255.14	-178,857.13	1,419,398.01	5,123,241.58	232,994.08	5,356,235.66		6,775,633.67	1,784,193.33
1943	8,572,954.00	-1,900,000.00	6,672,954.00	1,351,143.48	-58,564.62	1,292,578.86	4,884,579.00	269,693.81	5,154,272.81		6,446,851.67	226,102.33
12-112/3000.017	550.00	-----	550.00	494.22		494.22					494.22	55.78
1944	3,500,000.00	-1,450,000.00	2,050,000.00	901,010.05	25,667.91	926,677.96	770,000.00	17,272.00	787,272.00		1,713,949.96	336,050.04
1945	-----	+3,350,000.00	3,350,000.00	1,030,291.75	-2,433.46	1,027,858.29	1,402,000.00	82,923.00	1,484,923.00		2,512,781.29	837,218.71
1250113 (penalty mail)	458.00	-----	458.00	458.00		458.00					458.00	
1946	8,304,900.00	-----	8,304,900.00	3,427,651.38	11,689.22	3,439,340.60	3,069,374.00	18,557.47	3,087,931.47		6,527,272.07	1,777,627.93
1260113 (penalty mail)	68,898.00	-----	68,898.00	24,304.98		24,304.98					24,304.98	44,593.02
1947	7,340,000.00	-----	7,340,000.00	4,395,133.36	335,981.91	4,731,115.27	2,287,419.50	22,771.00	2,310,190.50		7,041,305.77	298,694.23
Total	53,658,987.00	-----	53,658,987.00	17,080,239.95	2,165,761.99	19,246,001.94	25,877,332.79	1,188,445.94	27,065,778.73		46,311,780.67	7,347,206.33

¹ Field Service Branch (PMA), formerly Agricultural Adjustment Agency.

